

CLINTON TOWNSHIP HOUSING COMMISSION  
CLINTON TOWNSHIP, MICHIGAN

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2007  
AND  
REPORTS ON INTERNAL CONTROL AND  
COMPLIANCE

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Unit Name Clinton Township Housing Commission	County Macomb
Fiscal Year End March 31, 2007	Opinion Date December 1, 2007	Date Audit Report Submitted to State December 1, 2007	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).



Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input checked="" type="checkbox"/>	Report on Internal Control and Compliance	
Certified Public Accountant (Firm Name) Barry E. Gaudette, CPA, PC		Telephone Number (231) 946-8930	
Street Address 731 S. Garfield Avenue		City Traverse City	State MI
		Zip 49686	
Authorizing CPA Signature 		Printed Name Barry E. Gaudette, CPA	License Number 11050

CLINTON TOWNSHIP HOUSING COMMISSION  
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## INTRODUCTION

***Independent Auditor's Report***

Board of Commissioners  
Clinton Township Housing Commission  
Clinton Township, Michigan

I have audited the accompanying financial statements of the business-type activities of Clinton Township Housing Commission, Michigan, a component unit of Clinton Township, as of and for the year ended March 31, 2007, which collectively comprise the Housing Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Housing Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Clinton Township Housing Commission, Michigan, as of March 31, 2007, and the respective changes in financial position and cash flows, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Clinton Township Housing Commission  
Independent Auditor's Report  
Page Two

In accordance with *Government Auditing Standards*, I have also issued my report dated December 1, 2007, on my consideration of Clinton Township Housing Commission, Michigan's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of my audit.

The management's discussion and analysis comparison information on pages 3 through 11, are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that comprise Clinton Township Housing Commission, Michigan's basic financial statements. The accompanying financial data schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements of the Housing Commission. The combining financial statements, schedule of expenditures of federal awards, and the financial data schedule have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.



December 1, 2007

**Clinton Township Housing Commission  
Management's Discussion and Analysis (MD&A)  
March 31, 2007  
(Unaudited)**

As management of the Clinton Township Housing Commission we offer reviewers of this audit report this narrative discussion and analysis of the Clinton Township Housing Commission's financial activities for the fiscal year ended March 31, 2007. This discussion and analysis letter of the Clinton Township Housing Commission's financial performance should be read in conjunction with the auditor's opinion letter and the following Financial Statements.

The combined financial statements reflect all of the Commission's federally funded programs and activities in one place. The Commission reports all its activities and programs using the Enterprise Fund type model. HUD encourages PHAs to use this accounting method as it is normally used to account for "business-type activities" - activities similar to those found in the private sector. Enterprise Fund types use the accrual method of accounting, the same accounting method employed by most private-sector businesses. Under this method, revenues and expenditures may be reported as such even though no cash transaction has actually taken place.

**Overview of the Financial Statements**

This annual report contains this *Management & Discussion Analysis* report, the *Basic Financial Statements* and the *Notes to the Financial Statements*. This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. The Commission's financial statements are presented as fund financial statements because the Commission only has proprietary funds.

**Required Financial Statements**

The Statement of Net Assets includes the Commission's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and obligations of the Commission creditors (liabilities). It also provides the basis for evaluating the liquidity and financial flexibility of the Commission.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Assets. This statement measures the success of the Commission's operations over the past year and can be used to determine whether the Commission has successfully recovered all its costs through its user fees and other charges, profitability and credit worthiness.

Clinton Township Housing Commission  
Management's Discussion and Analysis (MD&A)  
March 31, 2007  
(Continued)

Overview of the Financial Statements (Continued)

Required Financial Statements (Continued)

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements and provide more detailed data.

Supplemental Information

This report also contains the Financial Data Schedule (FDS) as referenced in the section of *Supplemental Information*. HUD has established Uniform Financial Reporting Standards that require Housing Commissions to submit financial information electronically to HUD using the FDS format. This financial information was electronically transmitted to the Real Estate Assessment Center (REAC) and is required to be included in the audit reporting package.

The Financial Data Schedule reports the Commission's operations in more detail. The Commission reports all its activities using Enterprise fund types. These funds are used to show activities that operate more like commercial enterprises. The Financial Data Schedule is organized by the government Catalogue of Financial Domestic Assistance (CFDA) numbers.

Clinton Township Housing Commission Programs:

Low Rent Public Housing: Under this program, the Housing Commission rents units that it owns to low-income elderly and family households. This program is operated under an Annual Contributions Contract with HUD. HUD provides Operating Subsidies to enable the Housing Commission to lease these units at a rate that is based on 30% of the household income.

Capital Fund Program: Under this program, the Housing Commission is awarded funds each year to use for Capital Needs. The Housing Commission also has the ability to use up to 20% of these funds, if need be, to supplement Operating Subsidies. This program is the



Clinton Township Housing Commission  
Management's Discussion and Analysis (MD&A)  
March 31, 2007  
(Continued)

Clinton Township Housing Commission Programs (Continued):

Capital Fund Program (Continued):

primary funding source for physical improvements to its properties.

Section 8 Housing Choice Voucher Program: Under this program, the Housing Commission administers contracts with independent landlords to provide housing for low-income households. These units are not owned by the Housing Commission. The Housing Commission subsidizes the family's rent via a "Housing Assistance Payment" made directly to the landlord. HUD provides subsidy to the Housing Commission to enable the Housing Commission to set the rental rates at 30% of a participant's income.

Entity-Wide Financial Highlights:

The following Federal Assistance was received during FYE 3/31/07:

	<u>03/31/07</u>	<u>03/31/06</u>	<u>Dollar</u> <u>Change</u>	<u>Per Cent</u> <u>Change</u>
Public Housing Operating Subsidy	\$ 239,616	\$246,646	\$ ( 7,030)	( 2.85)%
Capital Fund Program Grants	61,879	143,931	( 82,052)	(57.01)%
Section 8 Housing Choice Voucher Program	<u>167,845</u>	<u>159,943</u>	<u>7,902</u>	<u>4.94%</u>
Total	<u>\$ 469,340</u>	<u>\$550,520</u>	<u>\$ ( 81,180)</u>	<u>(14.75)%</u>

The subsidy for Public Housing decreased due to the HUD pro-ration factor. It should be noted that the subsidy for Public Housing should have increased instead of decreasing. The decrease is due to the HUD pro-ration factors. The FFY 2005 factor was 88.8%. The FFY 2005 subsidy covered our months of 4/1/05-12/31/05. The FFY 2006 factor was 86.02%. The FFY 2006 subsidy applied to the last quarter of FYE 3/31/06 and the first months of FYE 3/31/07. The FFY 2007 factor was 83.4%, and this covered our QE 3/31/07. If subsidy had been funded at 100% for both years, we would have received a total of \$289,459 in FYE 3/31/07 and \$277,853 in FYE 3/31/06. The pro-ration factors cost us \$49,843 in FYE 3/31/07 and \$31,207 in FYE 3/31/06.

The subsidy for Section 8 Housing Choice Vouchers increased due to increases in HAP costs.

The decrease in Capital Fund Grants was due to the fact that only one small work project was in process during FYE 3/31/07. Also, in

**Clinton Township Housing Commission  
Management's Discussion and Analysis (MD&A)  
March 31, 2007  
(Continued)**

**Entity-Wide Financial Highlights (Continued):**

prior years we funded police patrols through our Capital Fund Program, which accounted for the lion's share of Capital Fund expenditures. As of 3/31/06, we terminated the police service as it was deemed to be both ineffective as well as too costly.

The following represents changes in the Balance Sheet:

	<u>3/31/07</u>	<u>3/31/06</u>	<u>Dollar Change</u>	<u>Per Cent Change</u>
Cash & Investments	\$ 267,648	\$ 181,900	\$ 85,748	47.14%
Total Current Assets	294,709	291,305	3,404	1.17%
Fixed Assets, Net of Depreciation	1,321,717	1,468,081	(146,364)	( 9.97)%
Total Liabilities	102,519	117,415	( 14,896)	(12.69)%
Total Equity/Net Assets	1,513,907	1,641,971	(128,064)	( 7.80)%

Cash and Investments increased substantially due to two factors:

1. During FYE 3/31/07 we requisitioned funds from HUD on both our Operating Subsidy and Capital Fund Programs in a timely fashion. As a result, almost all of the cash due to us from HUD was deposited into our accounts as of 3/31/07. (We had only a small receivable due from HUD of \$2,830 at 3/31/07). In contrast, during the previous fiscal year, requisitions for funds were not made in a timely fashion, resulting in a receivable from HUD as of 3/31/06 of over \$68,000; money that should have been in our bank account, but was not. Had requisitions been timelier in the prior year, we would not show such a substantial increase from one year to the next.
2. In March 2007, approximately \$18,000 of the Township's money from HUD was deposited into our account in error. Evidently there was some confusion on HUD's part when we filed a new direct deposit form for our new bank account; HUD, in error, also began using our bank account number for the Township of Clinton. This error was straightened out by early May, but, at 3/31/07, we had \$18,000 of the Township's money in our bank account (and a corresponding liability on our books as well).

Total Current Assets stayed relatively stable.

**Clinton Township Housing Commission  
Management's Discussion and Analysis (MD&A)  
March 31, 2007  
(Continued)**

**Entity-Wide Financial Highlights (Continued):**

Fixed Assets increased by \$17,460. Although Fixed Assets increased by \$17,460, this was more than offset by depreciation charges of \$163,825, resulting in the net decrease stated in the above table.

Total Liabilities decreased by just under \$15,000, even with the inclusion of the aforementioned \$18,000 that belonged to the Township. At 3/31/06, we owed the Township PILOT for both FYE 3/31/05 and 3/31/06 whereas as of 3/31/07 we only owed for FYE 3/31/07. Also, in the area of payroll, our Executive Director retired 12/31/06. This had the dual effect of reducing the Accrued compensated absences liability as well as our liability to the Township for the payroll and benefits for our employees for QE 3/31/07 (the Township prepares our payroll and bills us retroactively). Our new Executive Director did not start until late January, and she started at a lower rate than we had been paying in the past.

Total Net Assets is comprised of two components: Invested in Capital Assets, which mirrors the decrease in Fixed Assets, Net of Depreciation as explained above. The other component is Unrestricted Net Assets, or what used to be called Operating Reserves. This figure decreased due to the Operating Loss generated by the Public Housing Program for FYE 3/31/07. On the other side of the coin, there was an increase in the Equity section for Section 8 due to the fact that excess HAP funds are now treated as Equity. In the past, these excess funds were treated as a payable to HUD.

Clinton Township Housing Commission  
Management's Discussion and Analysis (MD&A)  
March 31, 2007  
(Continued)

**Entity-Wide Financial Highlights (Continued):**

The following schedule compares the Revenues and Expenses for the current and prior fiscal years:

**Statement of Revenues, Expenses, and Changes in Net Assets**

	<u>FYE</u> <u>3/31/07</u>	<u>FYE</u> <u>3/31/06</u>	<u>Dollar</u> <u>Change</u>	<u>Per</u> <u>Cent</u> <u>Change</u>
<b>Revenues:</b>				
Total Revenue	\$ 175,372	\$ 209,246	\$(33,874)	(16.2)%
Other Revenue	<u>5,552</u>	<u>( 63)</u>	<u>5,615</u>	100.0%
Total PHA generated				
Revenue	180,924	209,183	( 28,259)	(13.5)%
Operating Subsidies/Soft				
Cost Grant Revenue	451,880	528,294	( 76,414)	(14.5)%
Capital Grants(Hard costs)	<u>17,460</u>	<u>22,226</u>	<u>( 4,766)</u>	(21.4)%
<b>Total Revenue</b>	<u>650,264</u>	<u>759,703</u>	<u>(109,439)</u>	(14.4)%
<b>Expenses:</b>				
Administrative	147,359	174,830	( 27,471)	(15.7)%
Utilities	111,515	115,402	( 3,887)	( 3.4)%
Maintenance	161,498	140,880	20,618	14.6%
Protective Services		77,809	( 77,809)	(100)%
General	63,764	71,207	( 7,443)	(10.5)%
Casualty Losses	2,500		2,500	
Housing Assistance				
Payments	129,321	151,604	( 22,283)	(14.7)%
Depreciation	<u>163,825</u>	<u>175,010</u>	<u>( 11,185)</u>	( 6.4)%
<b>Total Expenses</b>	<u>779,782</u>	<u>906,742</u>	<u>(126,960)</u>	(14.0)%
<b>Net Increase(Decrease)</b>	<u><u>\$ ( 129,518)</u></u>	<u><u>\$ ( 147,039)</u></u>		

Revenues:

Clinton Township Housing Commission's primary revenue sources are subsidies and grants received by HUD. Revenue received from HUD in FYE 3/31/07 for Public Housing decreased in both areas of Operating Subsidy and Capital Fund Program and increased for Section 8 Housing Choice Vouchers remained as previously discussed. For FYE 3/31/07, revenue generated by the Commission accounted for \$180,924 (or 28% of total revenue), while HUD contributions accounted for \$469,340 (or 72% of total revenue).

Clinton Township Housing Commission  
Management's Discussion and Analysis (MD&A)  
March 31, 2007  
(Continued)

Entity-Wide Financial Highlights (Continued):

*Revenues (Continued):*

Total revenue decreased due to lower rent rolls (poorer tenants moving in) and also to a lower leasing level (approximately 8% less than in FYE 3/31/06).

Other revenue increased due to the fact that during FYE 3/31/06 we had no investment income; no investments had been made. During FYE 3/31/07, we did make investments, and earned over \$4,000 in interest income. Other income stayed at about the same level, but we also had a loss on the disposal of fixed assets during FYE 3/31/06 that additionally depressed this number; we had no corresponding write off this year.

*Expenses:*

Total Expenses for FYE 3/31/07 were \$779,782 while for FYE 3/31/06 the total was \$906,742. All areas of expense decreased except for Maintenance (increase of 15%) and an increase in Casualty Losses. We had a casualty loss in February 2007: Water damage in our Community Building. Maintenance increased in all categories: Labor, Benefits, Materials, and Contract costs. The following table details the increases.

	<u>FYE</u>	<u>FYE</u>	<u>Dollar</u>	<u>Per</u>
	<u>3/31/07</u>	<u>3/31/06</u>	<u>Change</u>	<u>Cent</u>
Maintenance Labor Wages	\$72,241	\$66,292	\$ 5,949	9.0%
Maintenance Materials	25,608	24,421	1,187	4.9%
Contract Costs	39,615	27,180	12,435	45.8%
Employee Benefits	24,034	22,987	1,047	4.6%

The biggest increase was in the area of Contract Costs. Controlling these costs has been an ongoing issue for the Commission. It is the current Management's position that, in the past, there has been too little oversight of the maintenance staff and virtually no accountability. New management is committed to controlling these costs. To that end, the Maintenance Supervisor has been fired, and the remaining staff works closely with the Director in planning expenditures. The Director also is much more involved in the decisions as to when to contract out for services. Although we expect that contract costs will still be on the high side for FYE 3/31/08 due to "catching up" and "cleaning up", we are working diligently to control costs.

**Clinton Township Housing Commission  
Management's Discussion and Analysis (MD&A)  
March 31, 2007  
(Continued)**

**Entity-Wide Financial Highlights (Continued):**

*Budget Analysis:*

A Low Rent Public Housing Operating Budget for FYE 3/31/07 was presented to and approved by the Board of Commissioners. We had no reason to amend the budget during the fiscal year. Actual results were in line with budgeted amounts.

**Entity-Wide Operational Highlights**

The Clinton Township Housing Commission provided the following housing for low-income elderly and low-income families:

	<u>FYE</u> <u>3/31/07</u>	<u>FYE</u> <u>3/31/06</u>
Low Rent Public Housing	100	100
Sec. 8 Housing Choice Voucher	23	23

During FYE 3/31/07, Clinton Township Housing Commission maintained a lease-up rate of 85.8% in its Public Housing Program and a lease-up rate of 79.3% in its Section 8 program. These lease-up rates are under the HUD-prescribed target of 97%. We are working to increase our lease-up rates.

During FYE 3/31/07, our Capital Fund Program work projects were:

1. Appliance purchases
2. Installing attic insulation

**Economic Factors and Next Year's Budget and Rates**

The Housing Commission is primarily dependent upon HUD for the funding of operations as well as capital needs. Therefore, the Housing Commission is affected more by the Federal Budget than by local economic conditions. The funding of programs could be significantly affected by the Federal Budget.

A fundamental finding of the Harvard Cost Study is that Public Housing Agencies have been, and continue to be, woefully underfunded by HUD. Yet, due to the federal budget crunch, HUD continues to only pay us only a portion of the subsidy that we are entitled to. Since we fully expect this inadequate funding pattern to continue it is inevitable that cuts in services to our residents will have to be made.

Clinton Township Housing Commission  
Management's Discussion and Analysis (MD&A)  
March 31, 2007  
(Continued)

Economic Factors and Nest Year's Budget and Rates (Continued):

Although the Housing Commission remains concerned about the future levels of HUD funding due to the state of the federal budget, we feel that, in the short term, we are both financially and operationally in a strong position to continue to provide safe, sanitary, and decent housing to our residents.

Request for Information

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in its finances. Questions or comments concerning any of the information contained in this report or request for additional information should be directed to:

Lori Almasy, Executive Director  
Clinton Township Housing Commission  
34947 Village Road  
Clinton Township, MI 48035

## FINANCIAL STATEMENTS



CLINTON TOWNSHIP HOUSING COMMISSION

**STATEMENT OF NET ASSETS**

March 31, 2007

=====

**ASSETS**

Current Assets:

Cash and cash equivalents	\$ 267,648
Receivables	5,197
Prepaid expenses	<u>21,864</u>

Total Current Assets	<u>294,709</u>
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Capital Assets:

Land	48,000
Buildings	1,440,255
Equipment	121,856
Building improvements	<u>1,987,107</u>
	3,597,218

Less: accumulated depreciation	<u>( 2,275,501)</u>
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Net Capital Assets	<u>1,321,717</u>
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Total Assets	<u>\$ 1,616,426</u>
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See notes to financial statements

CLINTON TOWNSHIP HOUSING COMMISSION  
**STATEMENT OF NET ASSETS (CONTINUED)**  
March 31, 2007  
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**LIABILITIES and NET ASSETS**

Current Liabilities:	
Accounts payable	\$ 26,579
Tenant security deposit liability	19,483
Accrued expenses	41,887
Deferred revenues	2,894
Other current liabilities	<u>7,861</u>
Total Current Liabilities	98,704
Noncurrent liabilities:	
Accrued compensated absences	<u>3,815</u>
Total Liabilities	<u>102,519</u>
Net Assets:	
Invested in capital assets	1,321,717
Unrestricted net assets	<u>192,190</u>
Total Net Assets	<u>1,513,907</u>
Total Liabilities and Net Assets	<u><u>\$ 1,616,426</u></u>

See notes to financial statements

CLINTON TOWNSHIP HOUSING COMMISSION  
STATEMENT OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS

Year Ended March 31, 2007

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**OPERATING REVENUES:**

Dwelling rent	\$ 166,962
Nondwelling rent	<u>8,410</u>

Total operating revenues	<u>175,372</u>
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**OPERATING EXPENSES:**

Administration	147,359
Utilities	111,515
Ordinary maintenance and operation	161,498
General expenses	63,764
Casualty losses	2,500
Housing assistance payments	129,321
Depreciation	<u>163,825</u>

Total operating expenses	<u>779,782</u>
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Operating income(loss)	<u>( 604,410)</u>
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**NONOPERATING REVENUES:**

Investment interest income	4,470
Other income	1,082
Operating grants	451,880
Capital grants	<u>17,460</u>

Total nonoperating revenues	<u>474,892</u>
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Change in net assets	( 129,518)
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Prior period adjustment	1,454
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Net assets, beginning	<u>1,641,971</u>
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Net assets, ending	<u><u>\$ 1,513,907</u></u>
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See notes to financial statements

CLINTON TOWNSHIP HOUSING COMMISSION

**STATEMENT OF CASH FLOWS**

Year Ended March 31, 2007

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from dwelling and nondwelling rents	\$ 176,713
Cash payments to other suppliers of goods and services	( 363,197)
Cash payments to employees for services	( 237,783)
Cash payments for in lieu of taxes	<u>( 13,163)</u>
Net cash (used) by operating activities	<u>( 437,430)</u>

**CASH FLOWS FROM NONCAPITAL**

**FINANCING ACTIVITIES:**

Tenant security deposits	712
Operating grants	517,160
Other revenue	<u>837</u>
Net cash provided by noncapital financing activities	<u>518,709</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Capital grants	17,460
Payments for capital acquisitions	<u>( 17,460)</u>
Net cash (used) by capital and related financing activities	<u>                    </u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Receipts of interest and dividends	<u>4,470</u>
Net cash provided by investing activities	<u>4,470</u>

Net increase(decrease) in cash 85,749

Cash and cash equivalents, beginning 181,899

Cash and cash equivalents, ending \$ 267,648

CLINTON TOWNSHIP HOUSING COMMISSION  
STATEMENT OF CASH FLOWS (CONTINUED)  
Year Ended March 31, 2007  
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RECONCILIATION OPERATING INCOME(LOSS)  
TO NET CASH PROVIDED BY OPERATING  
ACTIVITIES:

Operating income(loss)	\$( 604,410)
Adjustments to reconcile operating (loss) to net cash provided(used) by operating activities:	
Depreciation	163,825
Prior period adjustment	1,454
Bad debt allowance adjustment	( 2,310)
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable-tenants	1,345
Prepaid expenses	18,274
Increase (decrease) in liabilities:	
Accounts payable	14,705
Accrued wage/payroll taxes payable	( 10,213)
Accrued compensated absences	( 13,447)
Other current liabilities	1,921
Accounts payable-PILOT	( 8,570)
Deferred revenues	( 4)
Net cash (used) by operating activities	<u><u>\$( 437,430)</u></u>

See notes to financial statements

CLINTON TOWNSHIP HOUSING COMMISSION  
NOTES TO BASIC FINANCIAL STATEMENTS  
March 31, 2007  
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**NOTE 1: Summary of Significant Accounting Policies**

The Clinton Township Housing Commission (the Housing Commission) is a component unit of Clinton Township, a Michigan Township. The Housing Commission is a Public Housing Agency created by Clinton Township on October 9, 1968, consisting of a five member board appointed by the Township Supervisor and charged with the responsibility to provide low-rent housing, under the low rent program Annual Contributions Contract for qualified individuals in accordance with the rules and regulations prescribed by the Department of Housing and Urban Development and other Federal agencies.

The Housing Commission complies with U.S. generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. For enterprise funds, GASB Statement Nos. 20 and 34 provide the Housing Commission the option of electing to apply FASB pronouncements issued after November 30, 1989, except for those that conflict with or contradict a GASB pronouncement. The Housing Commission has elected not to apply those pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

**1(a) Financial Reporting Entity**

The Housing Commission's financial reporting entity comprises the following:

Primary Government:	Housing Commission
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In determining the financial reporting entity, the Housing Commission complies with the provisions of GASB Statement No. 14 as amended by GASB No. 39, "The Financial Reporting Entity", and includes all component units, if any, of which the Housing Commission appointed a voting majority of the units' board; the Housing Commission is either able to impose its will on the unit or a financial benefit or burden relationship exists. There are no agencies, organizations or activities meeting this criteria.

## **1(b) Basis of Presentation**

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Enterprise funds are used to account for business-like activities provided to its tenants. These activities are financed primarily by user charges and/or Federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the Housing Commission's programs as an enterprise fund.

Following is a description of the Housing Commission's programs:

<b>Program</b>	<b>Brief Description</b>
Low Rent	Accounts for activities of the Public and Indian Housing program which HUD provides an annual subsidy to help public housing agencies (PHAs) pay some of the cost of operating and maintaining public housing units.
Housing Choice Vouchers	Accounts for activities of the Voucher program which assists very low income families, the elderly, and the disabled to afford decent, safe and sanitary housing in the private market.
Capital Fund Program	Accounts for activities of the Capital Fund which provides funds to housing authorities to modernize public housing developments.

## **1(c) Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

### **Measurement Focus**

In the financial statements, the "economic resources" measurement focus is used as follows:

The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current

### **1(c) Measurement Focus and Basis of Accounting (Continued)**

or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

#### **Basis of Accounting**

In the financial statements, the proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

### **1(d) Assets, Liabilities, and Equity**

#### **Cash and Investments**

For the purpose of the Statement of Net Assets, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits or short-term investments with an original maturity of three months or less. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

Investments are carried at fair value except for short-term U.S. Treasury obligations, if any, with a remaining maturity at the time of purchase of one year or less. Those investments, if any, are reported at amortized cost. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Note 2(b) and 3(a).

#### **Interprogram Receivables and Payables**

During the course of operations, numerous transactions occur within individual programs that may result in amounts owed between these programs. Offsetting interprograms are eliminated for financial statement presentation.

#### **Receivables**

Receivables consist of all revenues earned at year-end and not yet received. Tenant accounts receivable, accrued interest receivable and accounts receivable from U.S. Department of Housing and Urban Development compose the majority of receivables. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable.

#### **Inventories**

Inventories are valued at average cost, and consist of expendable supplies held for consumption. The cost of inventories are recorded as expenditures when consumed, rather than when purchased.



## **1(d) Assets, Liabilities, and Equity (Continued)**

### **Insurance**

The premiums on all major insurance policies are charged to prepaid insurance and amortized over the life of the policy.

### **Budgets and Budgetary Accounting**

The Housing Commission adopts a formal operating budget each year for its operating programs and on a project length basis for its capital expenditures which are approved by the Board of Commissioners and submitted to the Department of Housing and Urban Development for their approval, if required.

### **Estimates and Assumptions**

The Housing Commission uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses.

### **Capital Assets**

The accounting treatment over property, plant, and equipment (capital assets) is as follows:

In the financial statements, capital assets purchased or acquired with an original cost of \$5,000 or more are accounted for as capital assets. All capital assets are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Depreciation of all exhaustible capital assets are recorded as an allocated expense depending on the program where the asset is shown, in the Statement of Revenues, Expenses and Changes in Net Assets, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings & improvements	15 -40 years
Equipment - dwellings	7 years
Maintenance equipment	5 - 7 years
Office equipment	3 - 7 years

## **1(d) Assets, Liabilities, and Equity (Continued)**

### **Compensated Absences**

The Housing Commission's policies regarding vacation time permit employees to accumulate earned but unused vacation leave. The liability for these compensated absences is recorded as short-term and long-term liabilities based on historical trends. In accordance with the provisions of GASB Statement No. 16, no liability is recorded for non-vesting accumulating rights to receive sick pay benefits.

### **Equity Classifications**

Equity is classified as net assets and displayed in two components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Housing Commission had no related debt.
- b. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

## **1(e) Revenues, Expenditures, and Expenses**

### **Operating Revenues and Expenses**

Operating revenues and expenses are those that result from providing services and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Non-operating revenues and expenses are those that are not operating in nature.

### **Interfund Transfers**

For the purposes of the Statement of Revenues, Expenses, and Changes in Net Assets, all interfund transfers between individual programs, if any, have been eliminated.

### **Post Employment Benefits**

The provision for pension cost is recorded on an accrual basis, and the Commission's policy is to fund pension costs as they accrue.

## **1(e) Revenues, Expenditures, and Expenses (Continued)**

### **Income Taxes**

As a component unit of a Michigan City, the Housing Commission is exempt from federal and state income taxes. The Housing Commission has no unrelated business income.

### **NOTE 2: Stewardship, Compliance, and Accountability**

The Housing Commission and its component units, if any, are subject to various federal, state, and local laws and contractual regulations. An analysis of the Housing Commission's compliance with significant laws and regulations and demonstration of its stewardship over Housing Commission resources follows.

#### **2(a) Program Accounting Requirements**

The Housing Commission complies with all state and local laws and regulations requiring the use of separate programs. The programs used by the Housing Commission are as follows:

<b>Program</b>	<b>Required By</b>
Public and Indian Housing	U.S. Department of HUD
Housing Choice Vouchers	U.S. Department of HUD
Capital Fund Program	U.S. Department of HUD

#### **2(b) Deposits and Investments Laws and Regulations**

In accordance with state law, all uninsured deposits of the Housing Commission in financial institutions must be secured with acceptable collateral valued at the lower of market or par. All financial institutions pledging collateral to the Housing Commission must have a written Depository Agreement. As reflected in Note 3(a), all deposits were fully insured or collateralized.

Investments of the Housing Commission are limited by state law to the following:

- a. Direct obligations of the U.S. Government or its agencies or instrumentalities to which acceptable collateral is pledged.
- b. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral.

## 2(c) Revenue Restrictions

The Housing Commission has various restrictions placed over certain revenue sources. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Capital Fund Program	Modernization

For the year ended March 31, 2007, the Housing Commission complied, in all material respects, with these revenue restrictions.

## NOTE 3: Detail Notes on Transactions Classes/Accounts

The following notes present detail information to support the amounts reported in the basic financial statements for its various assets, liabilities, equity, revenues, and expenditures/expenses.

### 3(a) Cash and Investments

#### Deposits

The Housing Commission's policies regarding deposits of cash are discussed in Note 1(d). The table presented below is designed to disclose the level of custody credit risk assumed by the Housing Commission based upon how its deposits were insured or secured with collateral at March 31, 2007. The categories of credit risk are defined as follows:

Category 1 - Insured by FDIC or collateralized with securities held by the Housing Commission (or public trust) or by its agent in its name.

Category 2 - Uninsured but collateralized with securities held by the pledging financial institution's trust department or agent in the Housing Commission's name.

Category 3 - Uninsured and uncollateralized; or collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the Housing Commission's name; or collateralized with no written or approved collateral agreement.

	Total Bank Balance	Custody Credit Risk			Total Carrying Value
		Category 1	Category 2	Category 3	
Demand deposits	<u>\$280,473</u>	<u>\$139,462</u>	<u>\$141,011</u>	<u>\$</u>	<u>\$ 267,448</u>

### 3(a) Cash and Investments (Continued)

#### Investments

The Housing Commission does not have any investments.

A reconciliation of cash as shown on the combined statement of net assets is as follows:

Cash on hand	\$ 200
Carrying amount of deposits	<u>267,448</u>
Total	<u>\$ 267,648</u>

Cash and investments:	
Enterprise activities	\$ 280,673
Enterprise activities - checks written in excess of deposits	<u>( 13,025)</u>
Total	<u>\$ 267,648</u>

### 3(b) Receivables

Receivables detail at March 31, 2007, is as follows:

HUD	\$ 2,830
Miscellaneous	245
Tenant accounts receivable	4,217
Allowance for doubtful accounts	<u>( 2,095)</u>
	<u>\$ 5,197</u>

### 3(c) Capital Assets

Capital asset activity for the year ended March 31, 2007, was as follows:

	<u>Balance</u> <u>03/31/06</u>	<u>Additions/</u> <u>Transfers</u>	<u>Retirements/</u> <u>Transfers</u>	<u>Balance</u> <u>03/31/07</u>
<b>Low Rent Program</b>				
Land	\$ 48,000	\$	\$	\$ 48,000
Buildings	1,440,255			1,440,255
Furniture, equip. & machinery - dwellings	22,885	15,517		38,402
Furniture, equip. & machinery - administration	80,624			80,624
Building improvements	<u>1,944,751</u>	<u>27,726</u>		<u>1,972,477</u>
	3,536,515	<u>\$ 43,243</u>	<u>\$</u>	3,579,758
Less accumulated depreciation	<u>(2,109,447)</u>	<u>\$ (165,289)</u>	<u>\$</u>	<u>(2,274,736)</u>
Total	<u>\$1,427,068</u>			<u>\$1,305,022</u>

### 3(c) Capital Assets (Continued)

	<u>Balance</u> <u>3/31/06</u>	<u>Additions/</u> <u>Transfers</u>	<u>Retirements/</u> <u>Transfers</u>	<u>Balance</u> <u>3/31/07</u>
<b>Capital Fund Program</b>				
Furniture, equip. & machinery - dwellings	\$ 15,517	\$ 2,830	\$ ( 15,517)	\$ 2,830
Building improvements	<u>27,726</u>	<u>12,400</u>	<u>( 25,496)</u>	<u>14,630</u>
	43,243	<u>\$ 15,230</u>	<u>\$ ( 41,013)</u>	17,460
Less accumulated depreciation	<u>( 2,230)</u>	<u>\$ ( 765)</u>	<u>\$ 2,230</u>	<u>( 765)</u>
Total	<u>\$ 41,013</u>			<u>\$ 16,695</u>
<b>Combined Totals</b>				<u>\$1,321,717</u>

### 3(d) Accounts Payable

Payable detail at March 31, 2007, is as follows:

Accounts payable - vendors	\$ 21,985
Accounts payable - other government-PILOT	<u>4,594</u>
	<u>\$ 26,579</u>

### 3(e) Accrued Expenses

Accrued expense detail at March 31, 2007, is as follows:

Accrued wage/payroll taxes payable	\$ 41,463
Accrued compensated absences-current portion	<u>424</u>
	<u>\$ 41,887</u>

### 3(f) Other Current Liabilities

Other current liabilities at March 31, 2007, is as follows:

Utilities	<u>\$ 7,861</u>
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### 3(g) Non-current Liabilities

As of March 31, 2007, the non-current liabilities are comprised of the following:

Accrued compensated absences - noncurrent portion	<u>\$ 3,815</u>
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### 3(h) Interprogram Transactions and Balances

#### *Operating Transfers*

There was an operating transfer of \$40,000 from the capital fund program to the low rent program during the fiscal year ended March 31, 2007.

#### *Interprogram Receivable/Payable*

Low Rent Program	\$ 14,680
Capital Fund Program	( 2,830)
Housing Choice Voucher Program	( 11,850)
	<u>\$</u>

### NOTE 4: Other Notes

#### 4(a) Employee Retirement Plan

Clinton Township Housing Commission participates in the Clinton Township's pension plan, the Municipal Employees Retirement System, (MERS). MERS is a Defined Benefit Program which operates within the Michigan Department of Management and Budget, Bureau of Retirement Systems. The pension covers all eligible full-time employees and requires a minimum contribution by the employee. At December 31, 2006, the date of the last available actuarial evaluation, the Township's (the Housing Commission is included) termination liability for retirement benefits is \$40,167,871 (employer and employee combined). Valuation assets available to meet this obligation was \$38,315,197. There is an unfunded balance of \$7,253,049 as of December 31, 2006. The Housing Commission and employees contributed \$15,083 during the calendar year 2006. The Township (the Housing Commission is included) has twelve(12) active members, one(1) vested former member, and twelve(12) retirees and beneficiaries. Statistical information concerning the plan can be obtained from MERS, which is contained in their annual report.

#### 4(b) Post-Retirement Benefits other than Pensions

The Housing Commission pay it's retiree's health insurance according to the following schedule:

<u>Years of Service</u>	<u>Paid by Housing Commission</u>	<u>Paid by Retiree</u>
10 to 14	25%	75%
15 to 19	50%	50%
20 to 24	75%	25%
25 or more	100%	0%

#### 4(c) Risk Management

The Housing Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; employees health and life; and natural disasters. The Housing Commission manages these various risks of loss as follows:

Type of Loss	Method Managed
a. Torts, errors and omissions	Purchased insurance from Housing Authority Risk Retention Group (HARRG).
b. Injuries to employees (workers' compensation)	Purchased insurance from Accident Fund Insurance Co.
c. Physical property loss and natural disasters	Purchased commercial insurance from Housing Insurance Services.
d. Liability	Purchased commercial insurance from HARRG.
d. Health and life	Included in the Clinton Township plan.

Management believes such coverage is sufficient to preclude any significant uninsured losses to the Housing Commission. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

#### 4(d) Commitments and Contingencies

##### Commitments - Construction

At March 31, 2007, the Housing Commission had the following pending construction projects in progress:

	<u>Funds Approved</u>	<u>Funds Expended - Project to Date</u>
2005 CFP	\$ 134,762	\$ 86,501
2006 CFP	130,092	
2007 CFP	133,163	
	<u>\$ 398,017</u>	<u>\$ 86,501</u>

##### Contingencies

The Housing Commission is subject to possible examination by Federal and State authorities who determine compliance with terms, conditions, laws and regulations governing other grants given to the Housing Commission in the current and prior years. No significant violations of finance-related legal or contractual provisions occurred.



**4(e) Prior Period Adjustments, Equity Transfers and  
Correction of Errors**

Low Rent Program

PYA re: appliances	\$ 1,454
Transfer closed 2004 CFP equity to LRPH	<u>41,013</u>
	<u>\$ 42,467</u>

Capital Fund Program

Transfer closed 2004 CFP equity to LRPH	<u>\$ ( 41,013)</u>
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## SUPPLEMENTARY INFORMATION

CLINTON TOWNSHIP HOUSING COMMISSION  
**COMBINING STATEMENT OF NET ASSETS**  
**BY PROGRAM**

March 31, 2007

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C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
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**ASSETS**

Current assets:

Cash and cash equivalents	\$	228,495	\$	
Receivables:				
HUD				2,830
Miscellaneous		245		
Tenants-dwelling units		4,217		
Allowance for doubtful accounts	(	2,095)		
Prepaid expenses		21,864		
Due from other programs		<u>14,680</u>		
Total current assets		<u>267,406</u>		<u>2,830</u>

Capital assets:

Land		48,000		
Buildings		1,440,255		
Equipment		119,026		2,830
Building improvements		<u>1,972,477</u>		<u>14,630</u>
		3,579,758		17,460
Less accumulated depreciation	(	<u>2,274,736)</u>	(	<u>765)</u>
Net capital assets		<u>1,305,022</u>		<u>16,695</u>
Total Assets	\$	<u><u>1,572,428</u></u>	\$	<u><u>19,525</u></u>



CLINTON TOWNSHIP HOUSING COMMISSION  
**COMBINING STATEMENT OF NET ASSETS**  
**BY PROGRAM (CONTINUED)**  
March 31, 2007

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	C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
<b>LIABILITIES and NET ASSETS</b>		
Current liabilities:		
Accounts payable	\$ 26,179	\$
Tenant security deposit liability	19,483	
Accrued expenses	41,887	
Deferred revenues	2,894	
Other current liabilities	7,861	
Due to other programs		<u>2,830</u>
Total current liabilities	98,304	2,830
Noncurrent liabilities:		
Accrued compensated absences	<u>3,815</u>	
Total liabilities	<u>102,119</u>	<u>2,830</u>
Net Assets:		
Invested in capital assets	1,305,022	16,695
Unrestricted net assets	<u>165,287</u>	
Total net assets	<u>1,470,309</u>	<u>16,695</u>
Total Liabilities and Net Assets	<u><u>\$1,572,428</u></u>	<u><u>\$ 19,525</u></u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
\$ 400	\$ 26,579
	19,483
	41,887
	2,894
	7,861
<u>11,850</u>	<u>14,680</u>
12,250	113,384
<u>          </u>	<u>3,815</u>
<u>12,250</u>	<u>117,199</u>
	1,321,717
<u>26,903</u>	<u>192,190</u>
<u>26,903</u>	<u>1,513,907</u>
<u>\$ 39,153</u>	<u>\$ 1,631,106</u>

CLINTON TOWNSHIP HOUSING COMMISSION  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND  
 CHANGES IN NET ASSETS BY PROGRAM**  
 Year Ended March 31, 2007

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	C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
<b>OPERATING REVENUES:</b>		
Dwelling rent	\$ 166,962	\$
Nondwelling rent	<u>8,410</u>	<u>          </u>
Total operating revenues	<u>175,372</u>	<u>          </u>
<b>OPERATING EXPENSES:</b>		
Administration	135,548	
Utilities	111,515	
Ordinary maintenance and operation	157,079	4,419
General expenses	63,764	
Casualty losses	2,500	
Housing assistance payments		
Depreciation	<u>163,060</u>	<u>765</u>
Total operating expenses	<u>633,466</u>	<u>5,184</u>
Operating income(loss)	<u>( 458,094)</u>	<u>( 5,184)</u>
<b>NONOPERATING REVENUES:</b>		
Operating transfers in(out)	40,000	( 40,000)
Investment interest income	4,305	
Other income	1,082	
Operating grants	239,616	44,419
Capital grants	<u>          </u>	<u>17,460</u>
Total nonoperating revenues	<u>285,003</u>	<u>21,879</u>
Change in net assets	( 173,091)	16,695
Prior period adjustments, equity transfers and correction of errors	42,467	( 41,013)
Net assets, beginning	<u>1,600,933</u>	<u>41,013</u>
Net assets, ending	<u>\$1,470,309</u>	<u>\$ 16,695</u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
 \$	 \$ 166,962
<u>                    </u>	<u>8,410</u>
 <u>                    </u>	 <u>175,372</u>
 11,811	147,359
	111,515
	161,498
	63,764
	2,500
129,321	129,321
<u>                    </u>	<u>163,825</u>
<u>141,132</u>	<u>779,782</u>
<u>( 141,132)</u>	<u>( 604,410)</u>
 165	4,470
	1,082
167,845	451,880
<u>                    </u>	<u>17,460</u>
<u>168,010</u>	<u>474,892</u>
26,878	( 129,518)
	1,454
<u>25</u>	<u>1,641,971</u>
<u>\$ 26,903</u>	<u>\$ 1,513,907</u>



CLINTON TOWNSHIP HOUSING COMMISSION  
COMBINING STATEMENT OF CASH FLOWS  
BY PROGRAM

Year Ended March 31, 2007

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	C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash received from dwelling and nondwelling rents	\$ 176,713	\$
Cash payments to other suppliers of goods and services	( 228,446)	( 4,419)
Cash payments to employees for services	( 226,983)	
Cash payments for in lieu of taxes	<u>( 13,163)</u>	
Net cash (used) by operating activities	<u>( 291,879)</u>	<u>( 4,419)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Interprogram due from(to)	62,811	( 41,066)
Operating transfers in(out)	40,000	( 40,000)
Tenant security deposits	712	
Operating grants	263,830	85,485
Other revenue	<u>837</u>	
Net cash provided by noncapital financing activities	<u>368,190</u>	<u>4,419</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Capital grants		17,460
Payments for capital acquisitions		<u>( 17,460)</u>
Net cash (used) by capital and related financing activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Receipts of interest and dividends	<u>4,305</u>	
Net cash provided by investing activities	<u>4,305</u>	
Net increase(decrease) in cash	80,616	
Cash and cash equivalents, beginning	<u>147,879</u>	
Cash and cash equivalents, ending	<u>\$ 228,495</u>	<u>\$</u>

Housing Choice Vouchers 14.871	Totals
\$	\$ 176,713
( 130,332)	( 363,197)
( 10,800)	( 237,783)
	( 13,163)
( 141,132)	( 437,430)
( 21,745)	
167,845	712 517,160
	837
146,100	518,709
	17,460
	( 17,460)
165	4,470
165	4,470
5,133	85,749
34,020	181,899
\$ 39,153	\$ 267,648

CLINTON TOWNSHIP HOUSING COMMISSION  
**COMBINING STATEMENT OF CASH FLOWS**  
**BY PROGRAM (CONTINUED)**  
Year Ended March 31, 2007

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C-3031	Capital
Low Rent	Fund
Program	Program
<u>14.850a</u>	<u>14.872</u>

**RECONCILIATION OF OPERATING INCOME  
(LOSS) TO NET CASH PROVIDED BY  
OPERATING ACTIVITIES:**

Operating income(loss)	\$ ( 458,094)	\$ ( 5,184)
Adjustments to reconcile operating (loss) to net cash provided(used) by operating activities:		
Depreciation	163,060	765
Prior period adjustment	1,454	
Bad debt allowance adjustment	( 2,310)	
Changes in assets and liabilities:		
(Increase) decrease in assets:		
Accounts receivable-tenants	1,345	
Prepaid expenses	18,274	
Increase (decrease) in liabilities:		
Accounts payable	14,705	
Accrued wage/payroll taxes payable	( 10,213)	
Accrued compensated absences	( 13,447)	
Other current liabilities	1,921	
Accounts payable-PILOT	( 8,570)	
Deferred revenues	<u>( 4)</u>	
Net cash (used) by operating activities	<u>\$ ( 291,879)</u>	<u>\$ ( 4,419)</u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
 \$( 141,132)	 \$( 604,410)
	163,825
	1,454
	( 2,310)
	1,345
	18,274
	14,705
	( 10,213)
	( 13,447)
	1,921
	( 8,570)
<u>                    </u>	<u>( 4)</u>
 <u><u>\$( 141,132)</u></u>	 <u><u>\$( 437,430)</u></u>

CLINTON TOWNSHIP HOUSING COMMISSION  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**AND NOTES TO THE SCHEDULE OF FEDERAL AWARDS**  
Year Ended March 31, 2007  
=====

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year	<u>Federal Grantor</u>	<u>CFDA No.</u>	<u>Expenditures</u>
	<u>U.S. Department of HUD</u>		
	Public and Indian Housing <u>Nonmajor - Direct Program</u>		
2007	Low Rent Public Housing	14.850a	\$ 239,616
	Public and Indian Housing <u>Nonmajor - Direct Program</u>		
2007	Capital Fund Program	14.872	61,879
	Low Income Public Housing <u>Nonmajor - Direct Program</u>		
2007	Housing Choice Vouchers	14.871	<u>167,845</u>
	Total		<u>\$ 469,340</u>

NOTES TO THE SCHEDULE OF FEDERAL AWARDS

**NOTE 1: Significant Accounting Policies**

The schedule of federal awards has been prepared on the accrual basis of accounting.

CFDA = Catalog of Federal Domestic Assistance

## CLINTON TOWNSHIP HOUSING COMMISSION

**FINANCIAL DATA SCHEDULE**

Year Ended March 31, 2007

=====

FDS Line Item No.		C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
	<b>ASSETS</b>		
	Current Assets:		
	Cash:		
111	Cash-unrestricted	\$ 209,012	\$
114	Cash-tenant security deposits	<u>19,483</u>	<u></u>
100	Total cash	<u>228,495</u>	<u></u>
	Receivables:		
122	A/R-HUD other projects		2,830
125	A/R-miscellaneous	245	
126	A/R-tenants-dwelling rents	4,217	
126.1	Allowance for doubtful accounts	<u>( 2,095)</u>	<u></u>
120	Total receivables, net of allowance for doubtful accounts	<u>2,367</u>	<u>2,830</u>
	Other Current Assets:		
142	Prepaid expenses and other assets	21,864	
144	Interprogram due from	<u>14,680</u>	<u></u>
	Total other current assets	<u>36,544</u>	<u></u>
150	Total current assets	<u>267,406</u>	<u>2,830</u>
	Noncurrent Assets:		
	Fixed Assets:		
161	Land	48,000	
162	Buildings	1,440,255	
163	Furn, equip & mach-dwellings	38,402	2,830
164	Furn, equip & mach-admin.	80,624	
165	Building improvements	1,972,477	14,630
166	Accumulated depreciation	<u>(2,274,736)</u>	<u>( 765)</u>
160	Total fixed assets, net of accumulated depreciation	<u>1,305,022</u>	<u>16,695</u>
180	Total noncurrent assets	<u>1,305,022</u>	<u>16,695</u>
190	Total Assets	<u>\$ 1,572,428</u>	<u>\$ 19,525</u>

Housing Choice Vouchers 14.871	Totals
\$ 39,153	\$ 248,165
	19,483
<u>39,153</u>	<u>267,648</u>
	2,830
	245
	4,217
	( 2,095)
	<u>5,197</u>
	21,864
	<u>14,680</u>
	<u>36,544</u>
<u>39,153</u>	<u>309,389</u>
	48,000
	1,440,255
	41,232
	80,624
	1,987,107
	( 2,275,501)
	<u>1,321,717</u>
	<u>1,321,717</u>
<u>\$ 39,153</u>	<u>\$ 1,631,106</u>

CLINTON TOWNSHIP HOUSING COMMISSION  
**FINANCIAL DATA SCHEDULE (CONTINUED)**  
Year Ended March 31, 2007  
=====

FDS Line Item No.		C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
<b>LIABILITIES and NET ASSETS</b>			
	Liabilities:		
	Current Liabilities:		
312	Accounts payable<=90 days	\$ 21,585	\$
321	Accrued wage/payroll taxes payable	41,463	
322	Accrued compensated absences-current portion	424	
333	Accounts payable-other government	4,594	
341	Tenant security deposits	19,483	
342	Deferred revenues	2,894	
345	Other current liabilities	7,861	
347	Interprogram due to	<u>          </u>	<u>2,830</u>
310	Total current liabilities	98,304	2,830
	Noncurrent Liabilities:		
354	Accrued compensated absences	<u>3,815</u>	<u>          </u>
300	Total liabilities	<u>102,119</u>	<u>2,830</u>
	Net Assets:		
508.1	Invested in capital assets	<u>1,305,022</u>	<u>16,695</u>
508	Total invested in capital assets	1,305,022	16,695
512.1	Unrestricted net assets	<u>165,287</u>	<u>          </u>
513	Total Net Assets	<u>1,470,309</u>	<u>16,695</u>
600	Total Liabilities and Net Assets	<u>\$ 1,572,428</u>	<u>\$ 19,525</u>



Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
\$ 400	\$ 21,985
	41,463
	424
	4,594
	19,483
	2,894
	7,861
<u>11,850</u>	<u>14,680</u>
12,250	113,384
	<u>3,815</u>
<u>12,250</u>	<u>117,199</u>
	<u>1,321,717</u>
	1,321,717
<u>26,903</u>	<u>192,190</u>
<u>26,903</u>	<u>1,513,907</u>
<u>\$ 39,153</u>	<u>\$ 1,631,106</u>

CLINTON TOWNSHIP HOUSING COMMISSION  
**FINANCIAL DATA SCHEDULE (CONTINUED)**  
 Year Ended March 31, 2007

FDS Line Item No.		C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
	<b>Revenue:</b>		
703	Net tenant rental revenue	\$ 166,962	\$
704	Tenant revenue-other	<u>8,410</u>	
705	Total tenant revenue	175,372	
706	HUD PHA grants	239,616	44,419
706.1	Capital grants		17,460
711	Investment income-unrestricted	4,305	
715	Other income	<u>1,082</u>	
700	Total revenue	<u>420,375</u>	<u>61,879</u>
	<b>Expenses:</b>		
	Administrative:		
911	Administrative salaries	79,946	
912	Auditing fees	5,550	
914	Compensated absences	( 13,447)	
915	Employee benefit contributions-adm.	27,102	
916	Other operating-administrative	36,397	
	Utilities:		
931	Water	41,915	
932	Electricity	34,417	
933	Gas	35,183	
	Ordinary maintenance and operation:		
941	Ordinary maint & oper-labor	72,241	
942	Ordinary maint & oper-mat'ls & other	25,608	
943	Ordinary maint & oper-contract costs	35,196	4,419
945	Employee benefit contributions	24,034	
	General expenses:		
961	Insurance premiums	41,114	
963	Payments in lieu of taxes	4,593	
964	Bad debt-tenant rents	4,159	
968	Severance expense	<u>13,898</u>	
969	Total operating expenses	<u>467,906</u>	<u>4,419</u>
970	Excess operating revenue over operating expenses	<u>( 47,531)</u>	<u>57,460</u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
\$	\$ 166,962
	<u>8,410</u>
	175,372
167,845	451,880
	17,460
165	4,470
	<u>1,082</u>
<u>168,010</u>	<u>650,264</u>
8,000	87,946
	5,550
	( 13,447)
2,800	29,902
1,011	37,408
	41,915
	34,417
	35,183
	72,241
	25,608
	39,615
	24,034
	41,114
	4,593
	4,159
	<u>13,898</u>
<u>11,811</u>	<u>484,136</u>
<u>156,199</u>	<u>166,128</u>

CLINTON TOWNSHIP HOUSING COMMISSION  
**FINANCIAL DATA SCHEDULE (CONTINUED)**  
Year Ended March 31, 2007

=====

FDS Line Item No.		C-3031 Low Rent Program <u>14.850a</u>	Capital Fund Program <u>14.872</u>
	<b>Expenses continued:</b>		
	Other expenses:		
972	Casualty losses-noncapitalized	2,500	
973	Housing assistance payments		
974	Depreciation expense	<u>163,060</u>	<u>765</u>
	Total other expenses	<u>165,560</u>	<u>765</u>
900	Total expenses	<u>633,466</u>	<u>5,184</u>
	<b>Other Financing Sources(Uses):</b>		
1001	Operating transfers in(out)	<u>40,000</u>	<u>( 40,000)</u>
1000	Excess (deficiency) of operating revenue over(under) expenses	( 173,091)	16,695
1103	Beginning Net Assets	1,600,933	41,013
1104	Prior period adjustments, equity transfers and correction of errors	<u>42,467</u>	<u>( 41,013)</u>
	Ending Net Assets	<u>\$ 1,470,309</u>	<u>\$ 16,695</u>

Housing Choice Vouchers <u>14.871</u>	<u>Totals</u>
	2,500
129,321	129,321
<u>          </u>	<u>163,825</u>
<u>129,321</u>	<u>295,646</u>
<u>141,132</u>	<u>779,782</u>
<u>          </u>	<u>          </u>
26,878	( 129,518)
25	1,641,971
<u>          </u>	<u>1,454</u>
<u>\$ 26,903</u>	<u>\$ 1,513,907</u>

**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards**

Board of Housing Commissioners  
Clinton Township Housing Commission  
Clinton Township, Michigan

I have audited the financial statements of the business-type activities of Clinton Township Housing Commission, Michigan, (Housing Commission) as of and for the year ended March 31, 2007, which collectively comprise the Housing Commission's basic financial statements and have issued my report thereon dated December 7, 2007. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Housing Commission's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Housing Commission's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on

Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in Accordance  
with *Government Auditing Standards*  
Clinton Township Housing Commission  
Page Two

**Compliance and Other Matters (continued)**

compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the audit committee, management, Board of Housing Commissioners, the Michigan Department of Treasury, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

*Sally E. Anderson, CPA, PC*

December 1, 2007

CLINTON TOWNSHIP HOUSING COMMISSION  
**SCHEDULE OF FINDINGS**  
March 31, 2007  
=====

**SECTION I - FINANCIAL STATEMENT FINDINGS**

None

**SECTION II - FEDERAL AWARD FINDINGS**

Low Rent Program - CFDA No. 14.850a

**Finding Item 07-1: Year Ended March 31, 2007**

*Condition and Criteria:* Required and recommended documentation is missing, incorrect, or incomplete in the tenant files.

*Effect:* It is difficult to determine if the tenants are eligible for the program without proper and complete documentation.

*Cause:* The staff in charge of this program did not obtain 100% of the correctly completed documentation.

*Population and Items Tested:* We selected two public housing files to test using the haphazard method.

We found the following exceptions in the documentation in the tenant files:

	<u># of Exceptions</u>
1. Form HUD-50058 not in the tenant file	0
2. Privacy Act Notice for fiscal year not in tenant file or incorrect	0
3. Incorrect Verification of Income	0
4. Incorrect Verification of Expenses	1
5. Incorrect Verification of Assets	1
6. Inspection Report for fiscal year is missing or incorrect	0
7. Lease missing or incorrect	0
8. Application missing or incorrect	0
9. Copy of Photo I.D. missing	1
10. Copy of Proof of Social Security Number Verification missing	1
11. Worksheet for HUD-50058 missing or incorrect	0
12. Flat Rent/Income Based Rent Choice missing or incorrect	0
13. Notice of Rent Adjustment missing or incorrect	0
14. Criminal Background Check not done, not documented, or it was in the file	0
15. Declaration of 214 Status missing or incorrect	2
16. Check for Previous Eviction from Public Housing not done or incorrect	1
17. Annual Family Composition Review missing or incorrect	2
18. Annual Review missing or incorrect	0
Total	<u>9</u>



CLINTON TOWNSHIP HOUSING COMMISSION  
SCHEDULE OF FINDINGS (CONTINUED)  
March 31, 2007  
=====

**SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)**

Low Rent Program - CFDA No. 14.850a

**Finding Item 07-1 (continued):** Year Ended March 31, 2007

*Population and Items Tested (continued):*

Out of a possible 36, there were 9 exceptions from this test. This represents an exception rate of 25.0%.

*Auditor's Recommendation:* We recommend that the Housing Commission staff continue the process of correcting the tenant files where possible.

The following is a short summary of exceptions:

<u>File</u>	<u>Client Number</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>
1	P-001-0014-18		x	x			x		x	
2	P-001-0016-10								x	
Number of Hits		<u>0</u>	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>2</u>	<u>0</u>
Percentage of Hits		<u>0%</u>	<u>50%</u>	<u>50%</u>	<u>0%</u>	<u>0%</u>	<u>50%</u>	<u>0%</u>	<u>100%</u>	<u>0%</u>

**LEGEND**

1. No proper evidence that a criminal background check was conducted or it was in the tenant files. It may not be kept in the tenant files unless an appeal or hearing is pending.
2. Check for eviction from federal housing not conducted.
3. Proper Income/Expense/Asset verification not conducted or it was incorrect.
4. Form HUD-50058 could not be located in the tenant files.
5. HUD-Form 9886, Release of Information/Privacy Act Notice not in the file or it was not properly completed for the fiscal year reviewed.
6. Social Security Number not verified with required documentation.
7. The Housing Commission could not locate the tenant file.
8. The Housing Commission could not locate missing documents.
9. The tenant was not eligible to participate in the program

CLINTON TOWNSHIP HOUSING COMMISSION  
SCHEDULE OF FINDINGS (CONTINUED)  
March 31, 2007

=====

**SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)**

Low Rent Program - CFDA No. 14.850a

**Finding Item 07-2: Year Ended March 31, 2007**

*Condition and Criteria:* During testing of new admissions to the program, it was discovered that while there was some documentation that new admissions to the program were selected correctly from the waiting list, there was not adequate documentation of the new admissions.

*Effect:* Eligible tenants may not have been admitted to the program, or they may not have been admitted in the correct order.

*Cause:* The staff member in charge of this program did not have enough documentation to show the new admissions were selected in the correct order.

*Auditor's Recommendation:* It is recommended that the Housing Commission improve the documentation process by placing a copy of the appropriate waiting list in the new admission's tenant file when they come into the program. If they are not at the top of the waiting list at the time of admission, there should be adequate documentation for anyone above them on the waiting list as to why they were skipped.

CLINTON TOWNSHIP HOUSING COMMISSION  
SCHEDULE OF FINDINGS (CONTINUED)  
March 31, 2007

=====

**SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)**

Housing Choice Voucher Program - CFDA No. 14.871

**Finding Item 07-3: Year Ended March 31, 2007**

*Condition and Criteria:* Required and recommended documentation is missing, incorrect, or incomplete in the tenant files.

*Effect:* It is difficult to determine if the tenants are eligible for the voucher without proper and complete documentation.

*Cause:* The staff in charge of this program did not obtain 100% of the correctly completed documentation.

*Population and Items Tested:* We started with the first file and selected the third file using the haphazard method until a total of two files were selected to be tested from an Ad-hoc Tenant Report provided by the Housing Commission. We selected two tenant files to test from a population of twenty one tenant files to select from.

Out of a possible 52, there were 25 exceptions from this test. This represents an exception rate of 48.08%.

*Auditor's Recommendation:* It is recommended that the Housing Commission continue the process of correcting the tenant files where possible.

CLINTON TOWNSHIP HOUSING COMMISSION  
SCHEDULE OF FINDINGS (CONTINUED)  
March 31, 2007  
=====

**SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)**

Housing Choice Voucher Program - CFDA No. 14.871

**Finding Item 07-3:** Year Ended March 31, 2007

*Population and Items Tested (Continued):*

We found the following exceptions in the documentation in the tenant files:

	<u># of Exceptions</u>
1. Form HUD-50058 not in the tenant file	0
2. Privacy Act Notice for fiscal year not in the tenant file or incorrect	0
3. Incorrect Verification of Income	0
4. Incorrect Verification of Expenses	1
5. Incorrect Verification of Assets	2
6. Inspection Report missing for fiscal year or was incorrect	2
7. Lease missing or incorrect	0
8. Application missing or incorrect	1
9. Copy of Photo I.D. missing	1
10. Copy of Proof of Social Security Number Verification missing	1
11. Annual Review not done for fiscal year or not documented	0
12. Worksheet for HUD-50058 missing or incorrect	0
13. Notice of Rent Adjustment missing or incorrect	0
14. Criminal Background Check not done, not documented, or it was in the file	0
15. Declaration of 214 Status missing or incorrect	2
16. Lead Based Paint Disclosure missing or incorrect	1
17. Check for Previous Eviction from Public Housing not done or incorrect	1
18. Request for Tenancy Approval not done or incorrect	2
19. Voucher not in file or it was incorrect	1
20. HAP Contract missing or incorrect	0
21. HAP Tenancy Addendum missing	0
22. Rent Reasonableness Test missing or incorrect	2
23. Inspection-Life Threatening Corrections Made > 24 hours	2
24. Inspection-Non-Life Threatening Corrections made > 30 days or past extension	2
25. Proper action on taken if (23) or (24) was violated	2
26. Annual Family Composition Review missing or incorrect	2
Total	<u>25</u>

CLINTON TOWNSHIP HOUSING COMMISSION  
**SCHEDULE OF FINDINGS (CONTINUED)**  
 March 31, 2007  
 =====

**SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)**

Housing Choice Voucher Program - CFDA No. 14.871

**Finding Item 07-3 (Continued):** Year Ended March 31, 2007

The following is a short summary of exceptions:

<u>File</u>	<u>Client Number</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>
1	V-001-0020		x	x			x		x	
2	V-001-0006			x					x	
Number of Hits		<u>0</u>	<u>1</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>2</u>	<u>0</u>
Percentage of Hits		<u>0%</u>	<u>50%</u>	<u>100%</u>	<u>0%</u>	<u>0%</u>	<u>50%</u>	<u>0%</u>	<u>100%</u>	<u>0%</u>

**LEGEND**

1. No proper evidence that a criminal background check was conducted or it was in the tenant files. It may not be kept in the tenant files unless an appeal or hearing is pending.
2. Check for eviction from federal housing not conducted.
3. Proper Income/Expense/Asset verification not conducted or it was incorrect.
4. Form HUD-50058 could not be located in the tenant files.
5. HUD-Form 9886, Release of Information/Privacy Act Notice not in the file or it was not properly completed for the fiscal year reviewed.
6. Social Security Number not verified with required documentation.
7. The Housing Commission could not locate the tenant file.
8. The Housing Commission could not locate missing documents.
9. The tenant was not eligible to participate in the program.

CLINTON TOWNSHIP HOUSING COMMISSION  
**SCHEDULE OF FINDINGS (CONTINUED)**  
March 31, 2007  
=====

**SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)**

Housing Choice Voucher Program - CFDA No. 14.871

**Finding Item 07-4: Year Ended March 31, 2007**

*Condition and Criteria:* During testing of the tenant files, it was discovered that there was not proper attempts to obtain information on tenant assets and expenses, and then obtain verification of those assets and expenses.

*Effect:* Tenants may have been charged rents that were incorrect.

*Cause:* The staff member in charge of this program did not obtain information on possible tenant assets and expenses in all cases and then obtain the proper verification of those assets and expenses.

*Population and Items Tested:* Out of the 2 files tested out of a population of 21, none of the 2 had proper tenant asset and expense documentation.

*Auditor's Recommendation:* It is recommended that the staff obtain information on tenant assets and expenses and document the process in the tenant file. The staff should then obtain verification of these expenses and assets. Whenever possible, these should be independent third party written verifications.

**Finding Item 07-5: Year Ended March 31, 2007**

*Condition and Criteria:* There was no evidence in the tenant files, or available outside of the tenant files to show that all of the tenant units were inspected.

*Effect:* Tenants may be in substandard units.

*Cause:* The Housing Commission did not perform annual inspections or did not have documentation showing that they were done according to proper standards.

*Population and Items Tested:* Out of 21 tenants, 2 were tested and of these, 2 did not have inspection records. This represents an exception rate of 100%.

*Auditor's Recommendation:* Annual inspections should be performed on the units and the results documented on a proper inspection form. Life-threatening corrections should be made within 24 hours and nonlife-threatening corrections should be made within 30 days, or by granted extension.

CLINTON TOWNSHIP HOUSING COMMISSION  
SCHEDULE OF FINDINGS (CONTINUED)  
March 31, 2007

=====

**SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)**

Housing Choice Voucher Program - CFDA No. 14.871

**Finding Item 07-6: Year Ended March 31, 2007**

*Condition and Criteria:* During testing of the tenant files, it was discovered that documentation of the annual review of family composition was missing in the tenant files.

*Effect:* Ineligible tenants may be in the program or tenants may have been charged the wrong rents.

*Cause:* The staff member in charge of this program did not obtain the documentation.

*Population and Items Tested:* Out of the two files tested out of a population of 21, none of the 2 had the documentation. This represents an exception rate of 100%.

*Auditor's Recommendation;* It is recommended that the Housing Commission document family composition for all tenants. The documentation of family composition must be done annually.

**Finding Item 07-7: Year Ended March 31, 2007**

*Condition and Criteria:* During testing of the tenant files, it was discovered that documentation was missing in the tenant files.

*Effect:* Ineligible tenants may be in the program.

*Cause:* The staff member in charge of this program did not obtain the documentation.

*Population and Items Tested:* Out of the 2 files tested out of a population of 21, none of the 2 had all of the documentation.

*Auditor's Recommendation:* It is recommended that the Housing Commission obtain properly completed 214 (citizenship) declaration forms, lead based paint disclosure documentation, request for tenancy approval, social security number documentation, and photo identification for all tenants where they are required and missing from the tenant files.

CLINTON TOWNSHIP HOUSING COMMISSION  
SCHEDULE OF FINDINGS (CONTINUED)  
March 31, 2007

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**SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)**

Housing Choice Voucher Program - CFDA No. 14.871

**Finding Item 07-8: Year Ended March 31, 2007**

*Condition and Criteria:* During testing of the tenant files and through an interview, it was discovered that there was not a rent reasonable test done where required.

*Effect:* Tenants may have been charged rents that were too high.

*Cause:* The staff member in charge of this program did not perform a test of the reasonableness of the rent where required.

*Auditor's Recommendation:* It is recommended that the staff perform a rent reasonableness test when there is an increase in rent, for the initial leasing, and if there is a drop of five percent in Fair Market Rents as required by 24 CFR 982-507.

**Finding Item 07-9: Year Ended March 31, 2007**

*Condition and Criteria:* It was discovered through the interview process that a utility study was not done.

*Effect:* If there has been a rate change of 10% or more for a utility category or fuel type since the last time the utility allowance schedule was reviewed, then the utility allowance schedule the Housing Commission has been using would be incorrect.

*Cause:* The staff failed to do a study of the utilities and update the schedule as needed.

*Auditor's Recommendation:* The Housing Commission should perform a study of the utilities and update the utility schedule as appropriate.



CLINTON TOWNSHIP HOUSING COMMISSION  
SCHEDULE OF FINDINGS (CONTINUED)  
March 31, 2007

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**SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)**

Housing Choice Voucher Program - CFDA No. 14.871

**Finding Item 07-10:** Year Ended March 31, 2007

*Condition and Criteria:* There was no evidence to show that Quality Control Inspections were done.

*Effect:* Tenants may be in substandard units.

*Cause:* The Housing Commission did not perform Quality Control Inspections or did not have documentation showing that they were done.

*Population and Items Tested:* During the interview process, it was discovered that Quality Control Inspections are not being done.

*Auditor's Recommendation:* Quality Control Inspections should be performed on the units and the results documented on a proper inspection form. Any deficiencies should be noted and those deficiencies corrected within the specified time frames, which are 24 hours for emergency items and 30 days or by granted extension for deficiencies that are not emergencies. These Quality Control Inspections should be done in sufficient numbers to meet the requirements of 24 CFR 985.2. It is recommended ~~that~~ these Quality Control Inspections be done as soon as possible after the original annual inspections, but in any case within the required three months.

**Finding Item 07-11:** Year Ended March 31, 2007

*Condition and Criteria:* During testing of new admissions to the program, it was discovered that while there was some documentation that new admissions to the program were selected correctly from the waiting list, there was not adequate documentation of the new admissions.

*Effect:* Eligible tenants may not have been admitted to the program, or they may not have been admitted in the correct order.

*Cause:* The staff member in charge of this program did not have enough documentation to show the new admissions were selected in the correct order.

*Auditor's Recommendation:* It is recommended that the Housing Commission improve the documentation process by placing a copy of the appropriate waiting list in the new admission's tenant file when they come into the program. If they are not at the top of the waiting list at the time of admission, there should be adequate documentation for anyone above them on the waiting list as to why they were skipped.

CLINTON TOWNSHIP HOUSING COMMISSION  
SCHEDULE OF FINDINGS (CONTINUED)  
March 31, 2007

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**SECTION II - FEDERAL AWARD FINDINGS (CONTINUED)**

Housing Choice Voucher Program - CFDA No. 14.871

**Finding Item 07-12:** Year Ended March 31, 2007

*Condition and Criteria:* Files in storage are not properly secured.

*Effect:* Tenants and former tenants right to privacy may have been violated and there is an increased chance that their identity may be stolen.

*Cause:* The storage area for the files can be accessed by anyone in the building. The staff members in charge of the files in storage did not make sure that they were secure.

*Auditor's Recommendation:* It is recommended that the staff keep the stored files secure and limit access to them.